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Free AC for needy, energy tax credit ease heat

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Early summer heat has folks looking for relief. There is help available.

A Metro program provides free air-conditioning units to the needy.

And there are expanded income tax credits for making a home more energy-efficient, including installation of high-efficiency cooling systems.

Free air conditioners

Metro Action Commission has a program to provide air conditioners for free to those needing them. Since high temperatures topped 90 degrees last week, applications for air-conditioning units have spiked, says spokeswoman Lisa Gallon.

To be eligible, a recipient must meet income requirements. For example, a single person must make less than \$1,083 a month and a family of four less than \$2,208 a month to qualify.

Recipients must be over 62 or have a child in the house 5 or younger or have a medical condition that makes them more vulnerable to heat. They must also be Davidson County residents.

Metro Action also offers assistance with utility bills, and an application for that can be accepted along with one for an air-conditioning unit. The same income limits apply but not the other restrictions.

A recipient can receive utility aid only once a year, and that period runs from July 1 to June 30.

Metro Action has about two dozen units available. Donations can be made to purchase more air-conditioning units to be distributed to the needy. A gift of \$225 can buy a unit capable of cooling a house.

WHO CAN HELP: In Davidson County, contact the Metro Action Commission, 615-862-8860, or make an online application at www.nashville.gov/mac/pdf/FY09_LIHEAP_App.pdf.

Income tax credits

The stimulus plan passed in February offers up to \$1,500 in tax credits for energy efficiency improvements to homes and businesses. Homeowners can deduct 30 percent of the cost for improvements put into service in 2009 and 2010, capped at \$1,500.

That includes adding insulation, energy-efficient exterior windows and energy-efficient heating and air-conditioning systems.

Improvements must meet efficiency criteria. For example, a heat pump must have a 15 SEER and an air-conditioning unit must have a 16 SEER. (SEER means seasonal energy efficiency rating).

That means stepping up a bit, but not a lot, says Jeff Lombardi, of Hiller Plumbing, Heating & Cooling. His analogy: It is like trading in a Ford Focus on a Ford 500 — you don't have to spring for the Cadillac Escalade.

Susan Saban of Temp Control in Nashville said the credit is an incentive to replace a system, particularly if it requires an expensive repair.

Plus, there are significant savings in operating the higher SEER units. A 10-year-old unit would likely have a 10 SEER. Upgrading to a 15 or 16 SEER will gain 20 percent in efficiency, says Steve Grotts, Hiller's installation manager.

Both said the credit is making the higher-efficiency unit as affordable as the basic one. "With the tax credit, we're seeing a lot of homeowners are getting the 15/16 SEER and with the credit, the out-of-pocket cost is less than getting a 13 SEER (unit)," he said.

While this is the season people think about air conditioning, Lombardi says, it makes sense to replace the furnace at the same time if it is the same age. With that in mind, however, the required 95 percent efficient gas furnaces can't be installed outdoors but must be indoors or in a basement or garage.

The credit is also available for high-efficiency water heaters. But the only ones that meet the credit criteria are tankless heaters with natural gas or propane fuel.

Dan Boone, representative for the IRS in Nashville, says homeowners should keep in mind:

- The \$1,500 cap is over both years. "If you buy windows and doors and a new air conditioner, you still only get \$1,500 even if the costs of that is more than \$5,000," he said.

Improvements this year will be claimed on 2009 taxes filed by April 15, 2010, on IRS Tax Form 5695. The 2009 version will be available in late 2009 or early 2010.

- Keep records to show the cost and that the improvements meet criteria. Saban said installers should provide a certificate that states the unit meets the criteria, which homeowners should keep with the receipts and invoice in a tax file.

Windows, doors, insulation and roofs must be expected to last at least five years (a two-year warranty is sufficient). Boone suggests keeping the label from a window that shows its ratings.

Even more generous credits are available for geothermal heat pumps and solar water heaters. And while installation costs can be claimed for heating and air conditioning, they cannot be for improvements such as adding insulation.

WHO CAN HELP: To learn more about the residential energy credits, go to www.irs.gov/newsroom/article/0,,id=206871,00.html.
